

Message Text

LIMITED OFFICIAL USE

PAGE 01 PARIS 15876 01 OF 02 191230Z

47

ACTION EB-07

INFO OCT-01 EUR-12 ISO-00 AGR-05 OMB-01 L-03 COME-00

TRSE-00 STR-04 CIAE-00 INR-07 NSAE-00 OPIC-03 /043 W

----- 097820

R 191223Z JUN 75

FM AMEMBASSY PARIS

TO SECSTATE WASHDC 0530

INFO AMEMBASSY LONDON

LIMITED OFFICIAL USE SECTION 01 OF 02 PARIS 15876

DEPARTMENT PASS AGRICULTURE

E.O. 11652: N/A

TAGS: ETRD EAGR

SUBJECT: SUGAR: REOPENING OF PARIS BOURSE

REF: STATE 138810

1. EMBOFF CALLED ON CORREZ, DIRECTOR OF CABINET OF COMMERCE MINISTER ANSQUER, TO URGE PROMPT ACTION BY GOF TO FACILITATE OUT OF COURT SETTLEMENT OF FINANCIAL PROBLEMS OF SUGAR TRADE.

2. CORREZ SAID GOF WORKING HARD TO PREPARE FOR REOPENING OF SUGAR MARKET. A NEW BANK WOULD BE SET UP TO REPLACE THE CAISSE DE LIQUIDATION. SHAREHOLDERS WOULD BE THE NATIONALIZED BANKS (CREDIT LYONNAIS, BANQUE NATIONALE DE PARIS, AND SOCIETE GENERALE) SEVERAL COMMERCIAL BANKS, AND THE INTERNATIONAL COMMODITY CLEARING HOUSE OF LONDON, WHICH HE SAID WOULD TAKE A TEN PERCENT SHARE. NEW MARKET REGULATIONS HAD BEEN DRAFTED. THESE WOULD BE PUBLISHED BY THE PARIS CHAMBER OF COMMERCE AND WOULD BE APPROVED BY THE GOVERNMENT THROUGH ISSUANCE OF AN INTERMINISTERIAL ORDER INCLUDED IN THE JOURNAL OFFICIEL. A NEW BROKERS ASSOCIATION WOULD BE CONSTITUTED WITH COLLECTIVE

LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 02 PARIS 15876 01 OF 02 191230Z

RESPONSIBILITY. CORREZ ESTIMATED ARRANGEMENTS FOR

REOPENING COULD BE COMPLETED BY MID-JULY WHICH CORRESPONDS TO DATE ENVISAGED FOR BEGINNING OF WHITE SUGAR TRADING IN LONDON. CORREZ FELT BEHAVIOR IN LONDON HAD BEEN "CORRECT" AND THAT PARIS HAD BEEN GIVEN SUFFICIENT TIME TO PUT ITS HOUSE IN ORDER.

3. WITH REGARD TO UNSETTLED CLAIMS RESULTING FROM CLOSURE OF THE MARKET, CORREZ SAID THE CONSEIL D'ETAT WOULD DECIDE ON JUNE 21 WHETHER CLOSING OF THE MARKET WAS LEGAL. THE ADMINISTRATIVE COURT WOULD THEN BE ABLE TO DEAL WITH THE ARTICLE 22 PROBLEM. CORREZ SAID IF IT WERE CLEAR THAT ARTICLE 22 DID NOT APPLY, WHICH HE OBVIOUSLY ANTICIPATED, THEN A NEGOTIATED SOLUTION TO OUTSTANDING CLAIMS WOULD BE EASIER. PRELIMINARY DISCUSSIONS, HE SAID, LED HIM TO BELIEVE THAT A SETTLEMENT COULD BE REACHED FOR ABOUT 85 PERCENT OF THE CLAIMS AT A PRICE OF 5200 FRANCS PER TON.

4. EMBOFF MADE FOLLOWING COMMENTS TO CORREZ:
(A) ARRANGEMENTS FOR REOPENING OF MARKET ARE INTERESTING, BUT IT WOULD BE DIFFICULT TO RESTORE CONFIDENCE OF THE TRADE IN THE PARIS MARKET UNLESS A SATISFACTORY SETTLEMENT OF PREVIOUS OBLIGATIONS WERE FIRST CONCLUDED. EMBOFF REMINDED CORREZ THAT SUBSTANTIAL SUMS WERE DUE TO BE PAID BY THE CAISSE DE LIQUIDATION BASED ON TRANSACTIONS FULLY COMPLETED PRIOR TO CLOSING OF MARKET. EMBOFF SAID THESE CLAIMS UNRELATED TO JUDICIAL PROCEEDINGS RE LEGALITY OF ACTION TAKEN TO CLOSE MARKET AND THOUGHT IT APPROPRIATE AND USEFUL FOR GOF TO PRESSURE CAISSE TO SETTLE THESE

LIMITED OFFICIAL USE

NNN

LIMITED OFFICIAL USE

PAGE 01 PARIS 15876 02 OF 02 191230Z

47

ACTION EB-07

INFO OCT-01 EUR-12 ISO-00 AGR-05 OMB-01 L-03 COME-00

TRSE-00 STR-04 CIAE-00 INR-07 NSAE-00 OPIC-03 /043 W

----- 097854

R 191223Z JUN 75

FM AMEMBASSY PARIS

TO SECSTATE WASHDC 0531
INFO AMEMBASSY LONDON

LIMITED OFFICIAL USE SECTION 02 OF 02 PARIS 15876

ACCOUNTS. CORREZ WAS NOT AWARE OF THIS DISTINCTION AND PROMISED TO LOOK INTO IT.

(B) EMBOFF ALSO NOTED THAT CONFIDENCE OF TRADE WOULD DEPEND ON OTHER FACTORS CONCERNING THE NEW MARKET. THESE ARE:

(1) ADEQUATE CAPITALIZATION. IN VIEW OF THE LARGE AMOUNTS OF MONEY INVOLVED IN SUGAR CONTRACTS, TRADE WOULD NEED TO BE ASSURED AT LEAST THAT CALLABLE CAPITAL OF NEW BANK WOULD BE ADEQUATE AND READILY AVAILABLE. EMBOFF SAID IT APPEARED TO HIM THAT THE FIGURE CORREZ MENTIONED, 10-15 MILLION FRANCS, WAS QUITE SMALL.

(2) ADEQUATE REGULATION. THE PARIS CHAMBER OF COMMERCE HAD PLAYED VIRTUALLY NO ROLE IN THE SUGAR CRISIS, YET IT WAS AND WILL REMAIN NOMINALLY RESPONSIBLE FOR THE BOURSE DE COMMERCE. TRADERS WILL NEED TO BE ASSURED THAT MARGIN RULES WILL BE ENFORCED AND THAT A RESPONSIBLE GOVERNMENT ENTITY WILL OVERSEE THE OPERATION OF THE MARKET.

5. EMBOFF SAID HE COULD NOT AUTHORITATIVELY REPRESENT THE TRADE, BUT HE FELT THAT MOST OPERATORS WOULD LOOK AT THE PROBLEM THIS WAY. CORREZ SAID ALL OF THE POINTS WERE RELEVANT AND THAT GOF RECOGNIZED THE NEED
LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 02 PARIS 15876 02 OF 02 191230Z

TO CONSIDER THE PROBLEM OF CONFIDENCE. ALL DESIGNS FOR THE NEW MARKET HAD THIS PROBLEM IN MIND, AND HE THOUGHT THE TRADE COULD WORK WITH ASSURANCE IN THE NEW MARKET.
RUSH

LIMITED OFFICIAL USE

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: SUGAR, TRADE, SECURITIES MARKETS, BANKS, NEGOTIATIONS
Control Number: n/a
Copy: SINGLE
Draft Date: 19 JUN 1975
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: MorefiRH
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1975PARIS15876
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D750213-1146
From: PARIS
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1975/newtext/t19750634/aaaabfdd.tel
Line Count: 158
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION EB
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: 75 STATE 138810
Review Action: RELEASED, APPROVED
Review Authority: MorefiRH
Review Comment: n/a
Review Content Flags:
Review Date: 14 MAY 2003
Review Event:
Review Exemptions: n/a
Review History: RELEASED <14 MAY 2003 by MartinML>; APPROVED <15 MAY 2003 by MorefiRH>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
06 JUL 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: SUGAR: REOPENING OF PARIS BOURSE
TAGS: ETRD, EAGR, BDIS, BOURSE
To: STATE
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 06 JUL 2006